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**From:**

**Sent:** Tuesday, March 03, 2009 12:07:08 PM

**To:**

**Cc:**

**Subject:** Partnership Items

The Service has drafted, and intends to issue to the tax matters partner of \_\_\_\_\_, a "no-change" Final Partnership Administrative Adjustment ("FPAA") for tax year \_\_\_\_\_.

The Service has also drafted an Affected Item Report, which provides in relevant part that the \_\_\_\_\_, a partner in the \_\_\_\_\_ partnership, has unreported taxable gain for tax year \_\_\_\_\_ because \_\_\_\_\_ incorrectly calculated its outside basis in \_\_\_\_\_ as \_\_\_\_\_ dollars rather than \_\_\_\_\_. The report provides the following determinations: an \_\_\_\_\_ dollar personal note was not a partnership liability assumed by \_\_\_\_\_; and, \_\_\_\_\_ contributed to \_\_\_\_\_, not \_\_\_\_\_ dollars.

Those determinations, regarding the amount contributed to \_\_\_\_\_ and the liabilities of \_\_\_\_\_, are adjustments to partnership items that should be included in the FPAA regardless of whether any changes to \_\_\_\_\_ Form 1065 are necessary. Treas. Reg. §§ 301.6231(a)(3)-1(a)(1)(v) and -1(c)(2)(ii); Nussdorf v. Comm'r, 129 T.C. 30, 42-44 (2007); Dakotah Hills Office Ltd. Partnership v. Comm'r, T.C. Memo. 1996-35, 1996 WL 33211, \*11-\*12; and, University Heights at Hamilton Corp. v. Comm'r, 97 T.C. 278, 280-281 (1991).

\_\_\_\_\_. If the Service applies a penalty related to the above-referenced determinations, then application of the penalty should also be included in the FPAA. I.R.C. § 6221.